Appendix I

Opinion of the Court of Appeals

United States Court of Appeals
For the First Circuit

No. 7025.

COLOURPICTURE PUBLISHERS, INC.,
Plaintiff, Appellant,
v.
MIKE ROBERTS COLOR PRODUCTIONS, INC.
Defendant, Appellee.

Appeal from the United States District Court
for the District of Massachusetts
[272 F. Supp. 280]

Before ALDRICH, *Chief Judge,*
MCENTEE and COFFIN, *Circuit Judges.*

David Wolf, with whom *George L. Greenfield* and *Wolf, Greenfield & Hieken* were on brief, for appellant.

Melvin R. Jenney, with whom *Edward B. Gregg, Paul L. May, William G. MacKay, Gregg and Stidham*, and *Kenway, Jenney & Hildreth* were on brief, for appellee.

May 8, 1968.

COFFIN, *Circuit Judge.* Appellant, Colourpicture Publishers, Inc. (Colourpicture) sued appellee Mike Roberts Color Productions, Inc. (Roberts) for infringing its patented device of displaying a strip of connected but separable postcards hanging in a vertical row, from a hook with room for advertising at the top. After various affi-

davits and exhibits were filed, both parties moved for summary judgment. The district court, without hearing argument, granted Roberts' motion, adjudged the patent invalid, but held that if it were valid, Roberts' product infringed. Only the former ruling is at issue on this appeal. Despite the provokingly irresistible simplicity of the facts, we reverse.

Apparently from immemorable time, postcards have been sold individually or in album packets with pictures on both sides or one side, individually attached to the binder, loosely lying within, or folded together in accordion fashion. The latter mode—an album of a folded perforated postcard strip—was patented in England by one Haddan in 1904. Only in 1965 did one Tichnor, Colourpicture's assignor, file an application for a patent, received in 1966, on the idea of linking easily separable postcards in one unfolded sheet carrying an advertising panel at one end with a hole for hanging.

The advantages claimed over the prior art can be summarized as follows: for the producers, low cost manufacture; for the retailers, economic and effective display and servicing[1]; for the consumers, instant appraisal. While this alleged advance over the prior art may have fallen short in the public mind of a successful heart transplant, its effect in the market appears from the affidavits as impressive.[2] Colourpicture offered affidavits from 37 dis-

1. While not covered by either the claims or specifications, other advantages appeared when the Scenicard went on the market: reduction in soiling, manhandling, misplacing in racks, and pilferage.

2. The Scenicard zoomed Colourpicture's sales from a prior high level of $200,000 of card sales to $900,000 in the first full year in which the new product was offered. In a year and a half Colourpicture had sold the equivalent of one new card to one out of eight Americans. And all for $5,000 in advertising.

tributors of postcards, who had been in the business from one to 25 years. They acknowledged the novelty, utility and unobviousness of the Scenicard, stating that "none of the previous devices in the postcard field . . . suggest, imply, lead to, or perform the functions of the Scenicard."

Roberts, in supporting its motion for summary judgment, relied on the Tichnor file wrapper, the Haddan patent, and examples of albums of postcards either folded together or separately secured to a binder. The gist of the file wrapper proceedings is that the examiner refused a patent until Tichnor amended his claims to specify that the single sheet of cards would be "arranged substantially in a single plane" and that "substantially all of the graphic illustrations [would be] presented to the eye in their correct viewing positions. . . ." Roberts' own product, "Six-Pix", varied from Scenicard only in that two of the string of postcards are correctly viewed by turning the strip from a vertical to a horizontal position.

The district court ruled that the Tichnor patent was "invalid under the provisions of 35 U.S.C.A. sec. 103 for lack of invention over the prior art. *Graham v. John Decre Co.*, 383 U.S. 1 (1966)." 272 F. Supp. 280, 281 (D.C. Mass. 1967). It supported this conclusion by stating that there was "no invention" in using a hole to hang a piece of paper on a wall, nor any invention in having space for advertising material on a strip (citing tide tables, fire alarm listings, athletic schedules), nor any need for expert testimony to compare the various exhibits and determine "the lack of invention within the meaning of 35 U.S.C.A. sec. 103. . . ." *Id.* Finally, the court commented on the action of the Patent Office Examiner in first rejecting all of Tichnor's claims, then accepting a "very minor 'amendment'" to two claims and reversing his position without

indicating how the prior defect of "lack of invention" had been corrected. *Id.*[3]

While the district court repeatedly used the old "invention" language of *Hotchkiss v. Greenwood*, 52 U.S. (11 How.) 248 (1851), it is clear by its references both to *Graham, supra*, and to section 103 that it found the Tichnor patent invalid for obviousness. This observation is important because counsel for Roberts directed almost all of their argument to the proposition that the Tichnor contribution was "trivial", and not "patentable", which words we construe in context as not "novel". While we are not limited to the ground relied upon by the district court if it is clear that the judgment should be affirmed for other reasons, *see Walmac Co. v. Isaacs*, 220 F.2d 108 (1st Cir., 1955), we are not willing to hold as a matter of law on the record before us that the patent was invalid under section 101 or 102. We take the district court's finding as we think it clearly appears—that this idea was "obvious"—and judge it on that basis.[4]

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3. Section 103 reads as follows:

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

4. Appellee submits that an additional ground for affirmance, even though not dealt with by the district court, is the failure of the Tichnor claims, under 35 U.S.C. § 112, to point out the invention with sufficient particularity. The lanugage appellee criticizes as too "elastic and indefinite" is the amendment to the claims specifying that "substantially all of the graphic illustrations" be presented in their correct viewing positions. While "substantially" might be deemed fatally imprecise in connection with highly sophisticated processes or machinery, as in the cases relied on by appellee, we do not feel compelled so to rule here. *See Arnold Pipe Co. v. Eng'r Enterprise, Inc.*, 350 F.2d 885, 892-3 (5th Cir. 1965).

Having in mind the criteria set forth in *Graham, supra,* we are of the opinion that the district court did not address the required questions prerequisite to a finding of obviousness. The Court in *Graham* made a point of saying that the issue of non-obviousness ". . . lends itself to several basic factual inquiries. Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill and the pertinent art resolved." 383 U.S, at 17.

Wholly apart from the possible contribution to these inquiries which testimony might have made, it is apparent that the court's conclusory comments as to "lack of invention" fell short of that "strict observance" of *Graham's* emphasis on an inquiry "beamed with greater intensity on the requirements of § 103." 383 U.S. at 18, 19. Nor do we have any inquiry into the existence of a long-felt need, the extent of efforts directed at this need, the relevance of Colourpicture's commercial success, the acceptance of the device by customers—the sub-tests, which, while secondary, might have relevance. *Graham v. John Deere Co., supra* at 17-18; Note, *Sub-Tests of "Non-obviousness"*, 112 U. Pa. L. Rev. 1169 (1964).

All that we say is that it is not impossible that Colourpicture, if allowed to proffer postcard manufacturers and distributors as witnesses, might establish that the simple ideas in the Tichnor patent were not obvious to practitioners in that occupation. It might also be relevant, in determining obviousness, to see whether and, if so, how the problem met by Tichnor's patent had been treated by others. *Boyajian v. Old Colony Envelope Co.,* 279 F.2d 572

(1st Cir. 1960); *cf. Eibel Co. v. Paper Co.*, 261 U.S. 45, 66-67 (1922), and 35 Geo. Wash. L. Rev. 720, 724 (1967).

As has been well said some time ago, "[c]ourts made up of laymen as they must be, are likely either to underrate or overrate, the difficulties in making new and profitable discoveries in fields with which they cannot be familiar. . . ." *Safety Car Heating Co. v. Gen. Elec. Co.*, 155 F.2d 937, 939 (2d Cir. 1946). A layman can be beguiled into finding a device "obvious" just because it appears so simple when viewed after the deed has been done.

It is wholly natural that, after the fact, we should analogize the hanging postcard strip to a fire alarm schedule or calendar or, for that matter, a Gobelin tapestry. But the more remote such prior art is from the context of the subject matter, the less persuasive it becomes on the question of obviousness. There is rarely anything really new under the sun. At some point the bringing together of knowledge or technique practiced in other fields becomes invention. *Ling-Temco-Vought, Inc. v. Kollsman Instr. Corp.*, 372 F.2d 263, 268 n. 1 (2d Cir. 1967).

This does not mean, as Roberts argues with surface plausibility, that if this case is not appropriate for summary judgment, no patent case is. For this case, at least as it is presented to us, is not one where, as in *Converse v. Polaroid Corp.*, 242 F.2d 116 (1st Cir. 1957), the issue of patentability depended wholly upon scrutiny of the prior patents. Nor is this to say that even the issue of obviousness could not in a proper case be decided by summary judgment. *See Walker v. Gen. Motors Corp.*, 362 F.2d 56 (9th Cir. 1966). But we do say that where obvious-

ness is the issue, *Graham* increased the hazards of this route to decision.[5]

In addition to the stringent requirements governing summary judgment generally and the specific inquiries exacted by *Graham*, the presumptive validity given to patent claims under 35 U.S.C. § 282 is also pertinent.[6] We conclude that the district court erred in granting summary judgment under section 103, noting, however, that nothing we have said here should be interpreted as indicative of the ultimate validity or invalidity of the Tichnor patent.

Judgment will be entered vacating the judgment of the District Court and remanding the case for further proceedings not inconsistent with this opinion.

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5. For guidance in this circuit we should note that while *Converse* on its facts still seems to us a case peculiarly appropriate for summary judgment disposition, our rule of decision is subject to qualification. We held that summary judgment was available where the " 'prior art and the patent claims are, without expert aid, easily understandable by anyone of the most modest intelligence.' [citation omitted]." 242 F.2d at 120. As to a case which can be disposed of by analysis of patent claims, the principle still holds. But to the extent that scrutiny, comparison, and evaluation of the prior art beyond that revealed in patent claims are involved, there is need for greater caution in granting summary judgment. Whether such caution would have dictated a different result in *Glagovsky v. Bowcraft Trimming Co.*, 267 F.2d 479 (1st Cir.), *cert. denied*, 361 U.S. 884 (1959), where the precise device in issue had been used in closely affiliated arts and a close approximation had been used in the same art — we need not and cannot say.

6. Roberts argues that any presumption was negatived by the failure of the patent examiner to consider such examples of prior art as certain postcard packet exhibits presented to the district court. Such examples, however, do not seem to us to illustrate any significant enlargement of the concept embodied in the Haddan patent which the examiner considered.

Appendix II

Judgment of the Court of Appeals

United States Court of Appeals for the First Circuit

No. 7025.

COLOURPICTURE PUBLISHERS, INC.,
Plaintiff, Appellant,

v.

MIKE ROBERTS COLOR PRODUCTIONS, INC.,
Defendant, Appellee.

JUDGMENT

May 8, 1968

This cause came on to be heard on appeal from the United States District Court for the District of Massachusetts, and was argued by counsel.

Upon consideration whereof, It is now here ordered, adjudged and decreed as follows: The judgment of the District Court is vacated, and the case is remanded for further proceedings not inconsistent with the opinion filed today.

By the Court:
/s/ Roger A. Stinchfield
Clerk.

Appendix III

Opinion of the District Court

September 8, 1967

CAFFREY, D.J.

This is a civil action brought pursuant to the Patent Act of 1952, 35 U.S. Code, secs. 271, *et seq.* Plaintiff is a corporation organized and existing under the laws of Massachusetts, with a principal place of business in Boston. Defendant is a corporation organized and existing under the laws of California, and has a regular and established place of business and is registered to do business in Massachusetts.

Plaintiff is the owner of United States Patent No. 3,259,304 (hereinafter '304), issued July 5, 1966, on the basis of an application "POSTCARDS" filed May 25, 1965 by Lawrence F. Tichnor and assigned by Tichnor to plaintiff prior to the filing of this action. Both plaintiff and defendant are now and have been for some years engaged in the manufacture and sale of postcards.

The matter came before the Court on the basis of the defendant's motion for summary judgment which asserts that the '304 patent is invalid for lack of invention, and upon the basis of plaintiff's motion for summary judgment seeking dismissal of defendant's counterclaim.

I. *Re Defendant's Motion for Summary Judgment*

Defendant's motion is supported by the following exhibits attached thereto:

A. Copy of the '304 patent.
B. Certified copy of the file wrapper and Patent Office file contents of the '304 patent.
C. Copy of the Haddan British patent No. 9023 issued in 1904, and cited by the Patent Office Examiner on page 15 of Exhibit B.

D, E, F, G. Examples of the prior art consisting of packets and strips of picture postcards.

Defendant in its motion for summary judgment requests the Court to take judicial notice, and it does, of the fact that the packets and strips of postcards of the general character of Exhibits D, E, F and G have been sold and used for many years prior to 1965. Included in the file is a stipulation that Exhibits D, E, F and G are, in fact, samples of devices which were on sale in this country more than one year prior to the 1965 filing date of the application for the '304 patent. The stipulation also provides that a folder entitled "FOLD-A-LETTER" and marked "Defendant's Exhibit H" is a product of plaintiff which was on sale in this country for more than one year prior to the filing date of the application for the '304 patent.

On the basis of Exhilbits D, E, F, G and H, I rule that the '304 patent is invalid under the provisions of 35 U.S.C.A. sec. 103 for lack of invention over the prior art. *Graham v. John Deere Co.*, 383 U.S. 1 (1966) An examination of plaintiff's alleged invention (Pl. Ex. 2) shows that it consists of nothing more than a glossy cardboard strip divided into six colored postcards, each detachable from the remainder at its perforated edges, together with a short additional strip utilized for the purpose of hanging it on a wall through the medium of an ordinary round hole punched therein. There is no invention in using a punched hole to hang a piece of paper on a wall. The Court will judicially notice that calendars have been affixed to walls for a great many years through the medium of a punched hole in the top portion thereof. There is likewise no invention in having space for advertising material at the top or elsewhere on the strip, since it is a matter of common knowledge susceptible of judicial notice that in-

numerable calendars, and other cardboard display pieces suitable for wall hanging, such as high and low tide tables, local fire alarm listings, and athletic team schedules, to name but a few, have had advertising material imprinted on them for a great many years. No expert testimony is necessary to compare the various exhibits before the Court on this motion and to determine the lack of invention, within the meaning of 35 U.S.C.A. sec. 103, on the basis of which defendant's motion for summary judgment must be granted. *George P. Converse & Co. v. Polaroid Corp.*, 242 F.2d 116, 120 (1st Cir. 1957); *Glagovsky v. Bowcraft Trimming Co.*, 267 F.2d 479 (1st Cir. 1959).

It is not without significance that on January 24, 1966 the Patent Office acted on the Tichnor application filed May 25, 1965 and the action consisted of a denial by the Patent Office Examiner of all six claims of that application. Defendant's Exhibit B establishes that:

> "Claims 1 to 6 are rejected as unpatentable over the British patent to Haddan in view of *Kahn* under 35 U.S.C. 103. It would amount to an obvious variation to provide the British patent to Haddan with an aperture for hanging. Moreover, Kahn shows it to be old to employ such an aperture."

Thereafter, counsel for plaintiff conferred with the Patent Office Examiner and filed a very minor "amendment" to the application which consisted of certain relatively trivial changes in Claims 1 and 5 and the elimination of Claim 6. This "amendment" was accompanied by a six-page brief captioned "Remarks," which despite its semantic dexterity did not add any invention to the Tichnor application, but, nevertheless, it did succeed in persuading the Examiner to reverse his position. This he did without shedding any light on what invention was contained in the amended patent application over and above the lack of invention he found in the original application!

II. *Re Plaintiff's Motion for Summary Judgment*

Plaintiff's motion for summary judgment seeking the dismissal of defendant's counterclaim and adjudication that the '304 patent is valid and infringed is supported by:

Exhibit 1. A sample of defendant's accused device sold under the trademark "SIXPIX."

Exhibit 2. A sample of plaintiff's multipicture postcard device made under the '304 patent and sold under the trademark "SCENICARD."

Exhibit 3. A group of affidavits from customers of plaintiff.

Exhibit 4. Affidavit of Harry Tichnor.

Exhibit 5. Affidavit of Lawrence Tichnor, the original patentee of the '304 patent.

Exhibit 6. Request for Admission addressed by plaintiff to defendant.

Defendant's counterclaim seeks an adjudication (a) that the '304 patent is invalid; (b) that the '304 patent is not infringed by defendant, and (c) an injunction against plaintiff's asserting the '304 patent against defendant or any customers of defendant.

In light of the ruling on defendant's motion for summary judgment it follows that so much of plaintiff's motion for summary judgment against the counterclaim as seeks a ruling of validity of the '304 patent is denied. So much of plaintiff's motion as resists an order enjoining plaintiff from asserting validity of the '304 patent against defendant or its customers is denied. However, in view of the nature of the products manufactured and sold by the parties, expert testimony is no more necessary to make a determination of infringement than to make a determina-

tion of invalidity for lack of invention. *George P. Converse & Co. v. Polaroid Corp., supra.* On the basis of the exhibits before the Court on these cross-motions, particularly plaintiff's Exhibits 1 and 2, samples of the competing products of the parties, I rule that were the '304 patent valid then it would be infringed by defendant's "SIXPIX." Because the patent is invalid, defendant's motion for summary judgment is allowed, the complaint is dismissed, and a decree granting defendant the injunctive relief requested will be entered.

Judgment accordingly.

(s) ANDREW A. CAFFREY
U.S. District Judge

Appendix IV

Publicity Concerning the Court of Appeals Decision Promulgated by Respondent

News Release by Respondent

Mike Roberts Infringes Colourpicture Patent

In a patent suit against Mike Roberts Color Productions, Inc., Berkeley, Calif., the United States Court of Appeals for the First Circuit has reversed a lower court finding that Colourpicture Publishers' patent on its Scenicard was invalid. The Appeals Court, however, let stand the lower court finding that Mike Roberts' SixPix infringed the Scenicard patent. The Appeals Court also awarded Colourpicture costs in connection with the appeal and remanded the case to the lower court with instructions for further proceedings not inconsistent with its opinion.

In finding for Colourpicture, Circuit Judge Coffin said that "The Scenicard zoomed Colourpicture sales. . . ." and that the Scenicard advantages included low cost manufacture for the producers; reduction in soiling, misplacing in racks and pilferage as well as economic, effective display and servicing for the retailers; and instant appraisal for the consumer.

Judge Coffin said that the "presumptive validity" of the Colourpicture patent claims under the patent law was "also pertinent". Anyone who sells articles infringing a valid patent is liable to the patent owner for damages, interest and costs. The trial court may also treble damages and award attorney fees against the seller.

Publicity in Souvenirs & Novelties, June-July, 1968

APPEALS COURT REVERSES IN SCENICARD PATENT SUIT

In a patent suit against Mike Roberts Color Productions, Inc., the U.S. Court of Appeals, first circuit, reversed a

lower court finding that Boston, Mass. Colourpicture Publishers' patent on its Scenicards was invalid. Scenicards are a strip of connected but separable postcards hanging in a vertical row, from a hook with room for advertising at top.

The appeals court found the lower court erred in using obviousness to invalidate the patent, when the lower court did not make the factual inquiries to determine obviousness. The court also noted, "the Scenicard zoomed Colourpicture sales from a prior high level of $200,000 of card sales to $900,000 in the first full year in which the new product was offered . . . And all for $5,000 in advertising."

Circuit Judge Coffin said that the Scenicard advantages included low cost manufacture for the producers; reduction in soiling, misplacing in racks and pilferage as well as economic, effective display and servicing for the retailers; and instant appraisal for the customer."

As the case stands now, the Colourpicture patent is valid. The lower court said Mike Roberts' Six Pix infringed the patent, if the patent is valid.

The validity of the patent has not yet been finally decided in a trial court. The case goes back to a lower court.

Mike Roberts Color Productions had no comment to make on the case, when queried by Souvenirs & Novelties Magazine in their Berkeley, Calif. offices. Nor did their Boston attorneys when also queried.

Publicity in Amusement Business, July 13, 1968

APPEAL GOES TO COLOURPICTURE

The U.S. Court of Appeals for the First Circuit, Berkeley, Calif., [sic] has reversed a lower court finding that Colourpicture Publishers' patent on its Scenicard was invalid in a patent suit against Mike Roberts Color Produc-

tions, Inc. The Appeals Court also let stand the lower court finding that Mike Roberts' SixPix infringed the Scenicard patent.

Colourpicture was awarded costs in connection with the appeal and the case was remanded to the lower court with instructions for further proceedings not inconsistent with the Appeals Court's opinion.